

2022**M.A. / M.Sc.****4th Semester Examination 2022****ECONOMICS****PAPER—ECO-404****INDIAN ECONOMY-II***Full Marks : 50**Time : 2 Hours*

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Group - A**1. Answer any two questions.****2×2**

- (a) Distinguish between a development index and a deprivation index.

(Turn Over)

- (b) Critically examine the concept of break dummy as used by Perron (1989).
- (c) Distinguish between a relative and an index measure of inequality.
- (d) Define and explain the unit consistency axiom of inequality introduced in the present century.

2. Answer any two questions.

2×4

- (a) Relative inequality (Gini coefficient) and average MPCE (measured in Rs. at 2009-10 prices) for the years 1999-2000, 2004-05 and 2009-10 in the urban sector of Karnataka were found as:

	1999-2000	2004-05	2009-10
GC	0.323	0.360	0.334
MPCE	1607.04	1500.17	1716.38

Explain the nature of change in inequality in the state over the years.

(b) Do you think that CV^2 is a perfectly decomposable measure? Give arguments in support of your answer.

(c) In the Human Development Report (HDR) 1995, the HDI of China was 0.642 with rank 105 and that for India was 0.508 with rank 131. At that time HDI was calculated by attaching equal weights to Health Index (HI), Education Index (EI) and log per capita income index or Standard of Living Index (SLI). If SLI were calculated on the basis of per capita income index in place of log per capita income index, the weight for this new SLI would turn out to be 0.842 for China and 0.881 for India to attain the HDI values of 0.642 and 0.508 respectively. Explain the implications of these results.

(d) Distinguish between the rationale of using AM and GM in the construction of Human Development Index (HDI).

3. Answer any one question.

1×8

(a) Explain the nature of growth of India's GDP coming from the manufacturing sector (GDPM) in terms of trend, break and stationarity of the series.

- (b) In 1993-94 relative inequality as measured by Gini coefficient in rural sector of Maharashtra was 0.302 and that in its urban sector was 0.350 but the combined inequality for Maharashtra as a whole was 0.373. Explain the reasons behind this unusual findings. It is given that in that year the average MPCE in rural sector of Maharashtra was Rs. 718.51 and that in its urban sector was 1550.42, both measured at 2009-10 prices.

Group - B

4. Answer any *two* questions. 2×2
- (a) Make difference between 'clean floating' and 'dirty floating' in the context of flexible exchange rate.
- (b) Briefly explain how Hybrid Exchange Rate is calculated.
- (c) Distinguish 'public property' from 'private property'. Is a crowded bridge public property? 1+1
- (d) Write down the expression of Green GDP.

5. Answer any *two* questions. 2×4

(a) Discuss any one measure of trade openness in the context of the Indian economy. Analyze the trend of the FOREX reserves in India for the last two decades. 2+2

(b) Write notes on revenue expenditure and capital expenditure in Indian context.

(c) State Wagner's Law? Discuss whether Wagner's Law works in India. 2+2

(d) Explain the J-Curve with the help of the Marshall-Lerner condition.

6. Answer any *one* question. 1×8

(a) Discuss the effectiveness of the fiscal and monetary policies upon income and employment under the imperfect capital conditions with flexible exchange system. Discuss the present position of rupee convertibility in India. 6+2

- (b) Elucidate the effectiveness of fiscal and monetary policies upon sustainable income and rate of interest under the conditions of no pollution permit system and no investment upon conservation capital. 4+4

[Internal assessment - 10]
